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* The hon. the PRESIDENT :—" The hon. Member will kindly resume his seat. He has given a list of 24 names in the first instance and those names are printed in the agenda. He has given notice of another four names by means of an amendment and those names again are in the agenda. I now find yet another list of 6 names added to it. I am afraid that in the motion he is actually making now he is travelling beyond all these lists."

* Mr. K. R. VENKATARAMA AYYAR :—" I shall confine myself . . . .

* The hon. the PRESIDENT :—" The hon. Member will resume his seat. The motion he is making is out of order." (Laughter.)

* Mr. K. R. VENKATARAMA AYYAR :—" I beg your pardon, Sir . . ."

* The hon. the PRESIDENT :—" I said that the motion to refer the Bill to a Select Committee which he made was out of order."

IX

A BILL TO AMEND THE MADRAS CITY MUNICIPAL ACT, 1919.

Dr. B. S. MALLAYYA :—" I beg to introduce a Bill [a] to amend the Madras City Municipal Act, 1919, and move that the Bill be taken into consideration.

" Sir, in making this motion I beg to bring to the notice of this House that timber tax was first introduced in the city of Madras in the year 1884, at Rs. 2-8-0 per ton and then there was no provision for any rebate whatsoever. In the year 1889 Mr. Boyson of the Chamber of Commerce, Madras, brought to the notice of the Corporation great handicap to the trade and to the freight of the Port Trust by the levy of this tax by the Corporation on articles which are in transit but are not actually used in the city of Madras. He also brought to their notice that it was a great hardship to the consumers outside the city of Madras and that the trade of Madras would shift to Negapatam or Pondicherry where there was no such impost on timber. On consideration of this, the Government passed an order in 1890 (G.O. No. 10 M., dated 6th January 1891) approving the by-laws for the grant of refund under section 341 of the Act of 1884. The above was incorporated in the amending Act of 1892 as the matter had to be explicitly provided for in the Act. In the Act of 1904 provision for refund was made and the Government timber was exempted from the payment of this tax. In the Act of 1919 the exemption granted to Government timber was withdrawn, but the provision for refund was retained. Since then, Sir, a series of corruption has crept in the rebate of this tax. This is one of the sources of revenue of the Corporation bringing an income of nearly one lakh of rupees every year. From the year 1921 to 1927 the Corporation has been giving away a larger amount in the shape of rebate than the actual amount realized from the timber tax. In 1921-22 (the first year) the collections amounted to Rs. 1,91,108-12-0 and the refunds Rs. 87,155-2-0. In 1922-23 the collections were Rs. 1,77,132-8-0 and the refunds Rs. 83,037-0-5. In 1923-24, the figures were Rs. 1,61,738-12-0 and Rs. 1,40,057. The respective figures for 1924-25 and 1925-26 were Rs. 1,41,501 and Rs. 1,00,491-15-0, and Rs. 1,68,882-8-0 and Rs. 44,555-4-0. In the year 1924, the attention of the then Commissioner Mr. Bower was drawn to this state of affairs by me and he proposed to make certain alterations. As that

[a] Published in the *Fort St. George Gazette*, dated 25th September 1928 as Bill No. XIII of 1928.

proposal was not actually beneficial and was not given effect to, the members of the Corporation insisted on a committee of enquiry being appointed to enquire into the scandalous state of affairs which then existed and the whole thing being handed over to the Police. A committee was appointed and after enquiry it came to the conclusion that there were defalcations in the accounts and swindling of the Corporation revenue. The committee also stated that under the existing conditions with the provision for the refund of timber tax, it was quite possible that cheating there would be to a considerable degree. Sir, to give rebate, the Corporation has to employ assessors and also overseers at four or six different points of exit from the city to watch day and night the quantity of timber going out of the city. There is a section in the Act which says that the consignee and consignor must reveal their names but this is not done on account of the principle that trade secrets should not be revealed. Sir, the servants of the Corporation were giving away large amounts as rebate on timber which was not imported into the city at all. This fact was brought to the notice of the enquiry committee, but when the committee sent for the papers relating to the affair, the papers mysteriously disappeared. Papers relating to the Corporation timber accounts and other files disappeared from the office itself. The committee then came to the conclusion that this system of giving rebate must be put an end to and some flat rate introduced. I suggested Rs. 3, but as that was thought to be low, Rs. 3-8-0 was agreed to. The Government stated that even that was low. Now we are all agreed that it might be fixed at Rs. 4 per ton. The Government agreed to this rate and the Chamber of Commerce represented by Sir James Simpson also agreed. Sir, by this arrangement nobody is going to lose. The Corporation is going to gain a good deal. If my Bill is passed it will do away with cheating and with the establishment that is now in charge of keeping accounts for granting rebate. Sir, the timber merchants also do not stand to lose. They can reduce the establishment which is now engaged in keeping accounts of timber going out. This will not affect honest dealers.

" Suppose a dealer who imports five tons into the city sells four tons in the city and one ton outside the city. For that one ton he will get a rebate of Rs 4-8-0 while for the other four tons he will have to pay Rs 5. Under my Bill he gives only Rs. 4 on all the five tons and he does not lose anything provided he is an honest dealer. On the other hand, the Corporation also would save a considerable amount of money which is spent on the staff employed for vigilance and for overseers who have to be there day and night. Sir, this Bill has been agreed to by all the persons concerned and if the House is pleased to accept this now, without being referred to a select committee, we will be saving about Rs. 30,000 to Rs. 40,000 at once and every year hereafter. I move, Sir, that the House be pleased to pass my Bill into law. " 3-15 p.m.

Mr. ABDUL HAMID KHAN :—" I second it."

* The hon. the PRESIDENT :—" The question is only that the Bill be taken up for consideration."

* Mr. BASHEER AHMAD SAYEED :—" Sir, in supporting this motion I want to impress upon this House the urgent necessity of passing this Bill into law. The Madras Corporation has been losing a good deal of its legitimate income as the rules stand at present. The hon. the Mover

has already referred to the defalcations; but only a portion of them was discovered and there is a good deal yet to be discovered and put an end to if the Corporation is to save its revenues. Under the present Act a good deal of the revenue received by the Corporation is returned to the parties concerned when they export the timber. On the other hand, if a flat rate is fixed, it will save the revenues of the Corporation and there will be no room for defalcation in future. I therefore appeal to the House to pass this Bill into law at once if it can be done."

* The hon. the PRESIDENT:—"The motion is only that the Bill be taken up for consideration."

The hon. Dr. P. SUBBARAYAN: "Mr. President, Sir, I was waiting to see whether my hon. Friend, Mr. Govindaraja Mudaliyar, who had given notice of an amendment to this Bill would move it. Without his amendment, I do not think it will be possible for the Government to accept the Bill as it stands now, because I do not think it will be fair to make the mufassal pay for the city of Madras. I do not see why the City should derive advantage over timber imported for use in the mufassal. Under these circumstances, I am constrained to oppose the Bill of Dr. Mallayya."

Mr. SAMI VENKATACHALAM CHETTI:—"Mr. President, Sir, I am very sorry that the hon the Chief Minister has thought it fit to oppose this very innocent Bill of Dr. Mallayya. He said that he could not accept the Bill without the amendment given notice of by Mr. Govindaraja Mudaliyar to the effect that timber that is exported direct by rail from the City might be exempted. The object of the Bill is to avoid the possibility of cheating the Corporation in the matter of refund on timber exported from the City. That object will not be served by exempting one kind of timber that is to be exported by rail to mufassal stations. Further, Sir, I am not able to understand the reasonableness of levying any rate on the timber that is consumed in the city of Madras from the point of view of encouraging house-building in the City. On the other hand, it is only just that the Madras Corporation should levy a tax on the timber that is sent away to the mufassal stations from here, because the Corporation affords facilities for landing the timber here and for exporting it to another station. The mufassal places are indebted to the Madras Corporation for all the facilities offered by that body for the transit of the timber. Therefore it is just and proper that we should levy a tax on such timber purchased from Madras for all the facilities afforded by the City. (A Voice: Port Trust.) Whether it is the Port Trust or the Corporation, it is all a Madras concern. We know how the Madras Corporation contributes to the development of the Madras Port Trust. At any rate it is a matter for adjustment between the Corporation and the Port Trust and not between the Corporation and the mufassal places. The object of Dr. Mallayya's Bill will not be served if we make provision for refund applications on certain classes of timber. To obviate the evil, I would request the hon. Minister to reconsider his position and accept this proposal which has been accepted by the European Chamber of Commerce and the South Indian Chamber of Commerce. If the Corporation has not favoured this amendment it is because there are many other amendments of the City Municipal Act which require consideration. But now that Dr. Mallayya has brought forward this Bill, it will be unreasonable on the part of the Government to oppose this."

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* Mr. S. SATYAMURTI:—" Mr. President, Sir, I also want to add my voice in support of the Bill of my hon. Friend for the City of Madras. I invite the attention of the hon. the Chief Minister to the Statement of Objects and Reasons which says that 'in the past there have been several instances in which refund of tax was made in respect of timber that was not actually exported.' The second proviso to section 129 of the City Municipal Act reads: 'Provided also that any timber in respect of which the tax has been paid is exported beyond the city nine-tenths of the tax levied thereon shall be refunded.' I do not know if the hon. the Minister is familiar with the notorious timber fraud case in the Madras Corporation which was enquired into by a committee and which involved large sums of money. Some lakhs of rupees were lost to the Corporation owing to these frauds in connexion with the timber refund. The Corporation after considering the question carefully came to the conclusion unanimously that the only way of effectively preventing frauds of any such kind was to omit the second proviso altogether. I may add, Mr. President, that the Chairman of the Port Trust was a member of the committee. The committee that enquired into the defalcations unanimously came to the conclusion that the second proviso ought to be omitted altogether. In order that the people concerned may not be put to unnecessary loss, the hon. the Mover has also suggested in his Bill that the rate of timber tax may be reduced from Rs. 5 to Rs. 4. Therefore this is the most equitable arrangement for all persons concerned. The amendment of the hon. Mr. Govindaraja Mudaliyar will give rise to more or less the same trouble, which the second proviso is now causing. It refers to the exemption of the class of timber arriving by sea and taken direct by rail. How is it going to be treated? What is the length of stay in Madras which will allow that timber to be exempted? Suppose the timber arrives by sea to-day and is kept in Madras for two or three months and then taken by rail, is that timber exempted? I see the hon. Member, the Secretary to the department, vigorously shaking his hand. Unfortunately courts of law do not take notice of shakes of hand even of Secretaries to Government. They rely on the words of the statute. The words as they stand are: 'Timber arriving by sea and taken direct by rail.' What does it mean? Undoubtedly it is open to any lawyer in a court to argue, if the timber arrives by sea and is not used for any other purpose but stored in a warehouse, for however long a period, and taken direct by rail, that it comes within the proviso. How can that be objected to? It may be in a warehouse for six months. It may be taken by the roads which are constructed, maintained and lighted by the Madras Corporation from the sea to the warehouse. I do not see why the Corporation should not get its share of the revenue when their roads are being used. After all, who are these people? They are the merchants who make a lot of profit by importing timber into Madras and selling it to the mufassal. I do not see why the finances of the Corporation of Madras which are already poor should be adversely affected in this manner. Moreover sub-section (2) as it stands which no one seeks to amend reads thus:

'No timber shall be brought into the city unless the tax due thereon be paid.'

" Therefore it is clear that whatever timber is brought into the city shall pay a tax. Therefore, there is no necessity at all for this exemption, and more than that, owing to the indefinite nature of the wording of this proviso, which does not fix any limit at all for the period the timber stays in Madras, before it is taken by rail, in order that it may be exempted from this tax,

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I appeal to the House to accept the Bill as it stands. The hon. Minister accepts the principle of the Bill, namely, that this proviso should be deleted. It is the unanimous opinion of those who have dealt with the matter. As my hon. Friend Mr. Sami Venkatachalam Chetti has pointed out, both the European Chamber of Commerce and the South Indian Chamber of Commerce have accepted this principle. The Corporation also is unanimously in favour of it Under the circumstances I ask the House to accept the Bill as it stands and not be led away by the lead given by the hon. Minister who says that unless the amendment given notice of not by the Government, but by a private member is accepted by the House, he would not accept the Bill. It is an unreasonable position for the Government to take up. After all, what is the class of timber that is going to be exempted? Assume for one moment that the hon. Minister is correct. I put it to him whether it is right that he should support a position which has made possible the perpetration of colossal frauds, when everybody concerned wants the proviso to be dropped. If really there is going to be any difficulty, when the 'comprehensive amending Bill' comes up before the House like so many other 'comprehensive Bills,' that difficulty may be removed. In the interests of the rate-payers of the city, I do appeal to the House to see to it that this Bill is accepted and passed into law."

Dr. B. S. Malliayya :—" Sir, since there has been a controversy about the quantity of timber passing direct to the mufassal I shall bring to the notice of the House a few facts. There used to be large quantities of timber brought down from Australia for the use of the Kolar Gold Mines and also sleepers for the railway lines. During the war when Burma teak was selling very high there used to be brought into this country several varieties of timber from outside. Now that the Burma teak has gone down, the mines are not taking any timber at all. I cannot find even five hundred tons going in for the last three years. The railway sleepers are supplied by Mysore and also by the Chenat Nair forests.

3-30 p.m. " There is timber coming straight from Burma to the interior, not halting in the city. We have nothing to do with that timber which goes straight to the railways or to the mines. This Bill is concerned with the timber that is landed in Madras, taken by our roads, stocked in our depots and sold to the mufassal or alleged to be sold. Only that timber which comes into the city and is sold by the dealers in the city is affected by this Bill and no other timber."

The hon. the President :—" The question is that the Bill be taken into consideration."

The motion was put to the House and declared lost.

A poll was demanded and the House divided thus :—

Ayes.

1. Mr. Sami Venkatachalam Chetti.	10. Mr. C. N. Muthuranga Mudaliyar.
2 " S. Satyamurti.	11. " K. V. R. Swami.
3. " C. V. Venkataramana Ayyangar.	12. " D. Narayana Raju.
4. " P. Anjaneyulu.	13. Dr. B. S. Mallayya.
5. " P. C. Venkatapati Raju.	14. Mr. K. Uppi Sahib.
6. " J. A. Saldanha.	15. " K. R. Karant.
7. " Abdul Hamid Khan Sahib.	16. " C. Obi Reddi.
8. " C. S Govindaraja Mudaliyar.	17. " A. Parasurama Rao.
9. " G. Harisarvottama Rao.	18. " C. Ramasomayajulu.

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Ayes—cont.

19. Mr. Basheer Ahmad Sayeed.
20. ,, P. Bhaktavatsulu Nayudu.
21. Sriman Biswanath Das Mahasayo
22. Mr. A. Kaleswara Rao.
23. ,, R. Srinivasa Ayyangar.
24. ,, L. K. Tulasiram.
25. ,, C. Maruthuvanam Pillai.
26. ,, K. V. Krishnaswami Nayakar.
27. ,, C. Venkatarangam Nayudu.
28. ,, K. S. Sivasubrahmania Ayyar.
29. Diwan Bahadur R. N. Arogyaswami Mudaliyar.
30. Mr. Ramanath Goenka.
31. ,, R. Nagan Gowda.
32. The Zamindar of Gollapalli.
33. Mr. C. R. Parthasarathi Ayyangar
34. ,, T. C. Srinivasa Ayyangar.
35. ,, P. Siva Rao.
36. ,, K. P. Raman Menon.
37. ,, C. Gopala Menon.
38. ,, B. Ramachandra Reddi.
39. Rao Bahadur C. S. Ratnasabhapati Mudaliyar.

Noes.

1. The hon. Sir Norman Marjoribanks.
2. ,, Khan Bahadur Sir Muhammad Usman Sahib Bahadur.
3. ,, Mr. T. E. Moir.
4. ,, Diwan Bahadur M. Krishnan Nayar.
5. ,, Mr. S. Muthiah Mudaliyar.
6. ,, Dr. P. Subbarayan.
7. Mr. C. B. Cotterell.
8. ,, H. A. Watson.
9. ,, C. A. Souter.
10. ,, S. H. Slater.
11. ,, A. McG. C. Tampoe.
12. ,, C. W. E Cotton.
13. ,, V. Ch. John.
14. ,, M. A. Manikkavelu Nayakar.
15. ,, Syed Taj-ud-din Sahib.
16. ,, A. B Shetty.
17. ,, J. Bheemayya.
18. ,, R. Foulkes.
19. ,, P. J. Gnanavaram Pillai.
20. ,, J Kuppuswami.
21. Subedar-Major S. A. Nanjappa Bahadur.
22. Mr. T. M. Narayanaswami Pillai.
23. ,, K. Krishnan.
24. ,, N. Siva Raj.
25. ,, M. V. Gangadhara Siva.
26. Mr. V. I. Muniswami Pillai.
27. ,, W. P. A. Soundarapandia Nadar.
28. ,, S. Subrahmania Moopanar.
29. ,, Daniel Thomas.
30. ,, S. V. Vanavudaya Goundar.
31. ,, S. Venkayya.
32. ,, Syed Ibrahim Sahib.
33. The Zamindar of Singampatti.
34. Mr. C. R. T. Congreve.
35. ,, S. N. Dorai Raja.
36. ,, S. Arpudaswami Udayar.
37. The Zamindar of Kallikota.
38. Mr. K. Ramachandra Padayachi.
39. Rao Sahib R. Srinivasan.
40. Khan Bahadur P. Khalif-ul-lah Sahib Bahadur.
41. Mr. G. B. Premayya.
42. The Raja of Panagal.
43. Rao Bahadur Sir A. P. Patro.
44. Mr. T. K. Chidambaranatha Mudaliyar.
45. Khan Bahadur S. K. Abdul Razack Sahib Bahadur.
46. Muhammad Khadir Mohideen Sahib.
47. Diwan Bahadur S. Kumaraswami Reddiyar.
48. The Zamindar of Mirzapuram.
49. Mr. A. V. Bhanoji Rao.

Ayes 39. Noes 49.

The motion was lost.

TRUTH ALONE TRIUMPHS

X

A BILL TO AMEND THE MADRAS HINDU RELIGIOUS ENDOWMENTS ACT, 1926.

* Dr. (Mrs.) S. MUTHULAKSHMI REDDI :—" Mr. President, Sir, I beg to move that my Bill [a] to amend the Madras Hindu Religious Endowments Act, 1926, be referred to a Select Committee composed of the undermentioned members :—

(1) Mr. Sami Venkatachalam Chetti.
(2) ,, K. R. Karant.
(3) ,, C. N. Muthuranga Mudaliyar.
(4) ,, T. M. Narayanaswami Pillai.
(5) ,, A. B. Shetty.
(6) Rao Bahadur B. Muniswami Nayudu.
(7) Mr. C. S. Ratnasabhapati Mudaliyar.

a Published in the *Fort St. George Gazette* dated 25th September 1928 as Bill No. 12 of 1928.